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THE EXTENT OF INDUSTRIAL CAPACITY UNDER-UTILIZATION AND ITS IMPACT ON INDUSTRIAL DEVELOPMENT IN AFRICAN LEAST DEVELOPED COUNTRIES: ISSUES FOR CONSIDERATION*

* This study was prepared by an ECA Consultant. The views expressed does not necessarily reflect those of the United Nations Economic Commission for Africa (UNECA).

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I. INTRODUCTION

1. Based upon the recommendation of the third meeting of the Conference of Ministers of African LDCs, the secretariat carried out this study on the extent of industrial capacity under-utilization and its impact on industrial development in African least developed countries in order to create awareness of the problems and to make appropriate recommendations compatible with domestic policies for industrial development.

2. The critical and major role the industrial sector has to play in the structural transformation of the LDCs to achieve self-sustaining growth of the economy has been re-emphasized in the Substantial New Programme of Action (SNPA). In view of the low share of the manufacturing sector in GDP, the objective of the SNPA in this sector is to increase the growth of output to an overall annual rate of 9 per cent or more. As part of the objective of greater economic diversification and rapid economic growth, the SNPA recomends that the LDCs should undertake more appropriate programmes of industrial development, and in particular should: develop agro-based and agro-support industries and on-the-spot processing as appropriate; build up medium and light industries to meet the growing needs of their population for essential consumer goods; encourage and improve productivity in small scale and cottage industries, utilizing, where appropriate, non-governmental organizations through the introduction of appropriate technology and the supply of credit and materials and marketing arrangements; encourage the establishment of basic industries with indigenous resources, where feasible. 1/

3. The objective of the study is to establish evidences of the industrial capacity under-utilization in the African LDCs, identify as much as possible the causes and nature of excess capacity and its impact on industrial development, and make recommendations on the strategies to cope with the problem. The coverage of the study was initially planned to include visits to the various countries where enquiries were to be carried out in a selected number of enterprises in the different industrial groups. Time and manpower constraints, however, precluded such visits but questionnaires covering the relevant issues on industrial capacity under-utilization were sent to all the 26 countries. Replies were not received from any of them before the completion of this paper and consequently, reliance was placed entirely on documented evidences from various sources. Statistics on capacity measurements and/or estimation of the degree of its utilization are not usually incorporated in the national statistical sources. The information available from the various fragmentary sources on a few countries are inconsistent and unsystematic, and this imposed a serious limitation to the scope of the study.

1/ See the "Report of the United Nations Conference on the least developed countries", Paris, 1-14 September, 1981, U.N. Para. 49.

4. As a background to this paper, the conceptual issues in studying industrial capacity under-utilization are examined in Part II. Part III discusses the current status of industrial development in African LDCs and some evidences of the existence of Excess manufacturing capacity is presented in Part IV. The causes and impact of industrial capacity under-utilization on industrial development are analysed in Part V. Part VI proposes strategies to cope with the problem which include short-term, medium-term and long-term measures at the national, sub-regional and regional levels, and the need for African LDCs to implement the programme for the Industrial Development Decade for Africa IDDA).

II. CONCEPTUAL ISSUES IN INDUSTRIAL CAPACITY UNDER-UTILIZATION

5. Studies on industrial capacity utilization may prove elusive if care is not taken to come to grips with some conceptual and methodological issues associated with it which may impose a limitation to the utility of the data. It is necessary to distinguish two concepts: capacity utilization and capital utilization. Though they are related, the implications on policy and investment decisions may be different. While capacity utilization refers to the output produced within the constraints of available stock of plant and equipment, capital utilization is addressed to how much of the time the productive capital stock of a firm, sector or the economy are operated and how much time they are idle. 2/ To the extent that capacity utilization is a subset of capital utilization, it appears that the African LDCs ought to address themselves to the problems of the later rather than restricting themselves to only an aspect of it.

6. The variation in the understanding and treatment of problems of industrial capacity suggests an inter-disciplinary approach. From the engineering stand point, capacity utilization denotes the maximum output produced per unit of time with a given fixed stock of capital facilities, assuming an uninterrupted flow of variable inputs like labour and materials and without actual breakdown of operations. The economist takes the cost element in production into consideration and defines capacity utilization as the maximum possible output in a given time at the minimum average cost per unit of output. It follows that the capacity utilization of an enterprise from the point of view of the economist depends not on only the stock of plants and equipment, but also on the market conditions which includes wage rate, price fluctuations (of inputs and outputs), among others. In other words, capacity utilization is the rate of output which under given conditions provides the maximum profit for the enterprise. This capacity is usually referred to as rated capacity, effective capacity or preferred capacity. It is necessary to note that in changing market conditions, the rate of economic capacity can fluctuate without any physical changes in real capital assets.

2/ See "The utilization of capital in developing countries: A survey of empirical estimates", UNIDO/15-469 - 22 May 1984. Also refer to "Ways and means for fuller utilization of excess capacity in engineering industries" ID/WG.29/4 and "Excess industrial capacity in India and the possibility of its utilization for export purposes" ID/WG.29/5 presented at the Expert Group Meeting on Utilization of Excess Capacity for Export, Rio de Janeiro, Brazil, 3-12 March 1969.

7. The variations in the concept and definition of capacity measurements create interpretational problems in the utilization of data on capacity, especially for aggregation and comparison. Plant utilization from the view point of the individual enterprise vary widely from that of the industry and the economy as a whole. It follows therefore that the treatment and discussion of the problem should be done along the various levels. In measuring capacity utilization, the following factors have to be taken into consideration:

(i) distinction between theoretical and practical capacity;
(ii) normal work stoppages for repairs, maintenance, fittings and refittings of equipment for production of specific items;
(iii) normal speed of operations or intensity of production process;
(iv) the number of shifts normally employed or feasible;
(v) normal working days during a given period (week, month or year);
(vi) other peculiar standards or unique situations which are specific or vary among enterprises or industries within the same country or between countries.

8. Measurement of capacity utilization takes two approaches:

(a) comparison of the installed capacity, however measured, with actual output. This is expressed in percentage as the rate of capacity utilization. The difference from 100 is the capacity underutilization;

(b) measurement of the time of effective use of equipment regardless of the volume of output. The number of shifts is taken as the normal duration of time of production which determines the degree of capacity utilization. This second approach runs into a problem in situations where one shift is dominant as in most LDCs because there will be a false impression of the non-existence of excess capacity.

9. Since one of the intentions of this paper is to provide a framework for future research at the national and regional levels, studies on industrial capacity utilization in African LDCs should focus on actual current output in relation to the historical trends in production and the rated capacity of Plants and equipment. Questions about the potentials for multi-shift work should be explored fully as this will capture issues relating to full utilization of the potentials of the installed capital stock. By this approach the relevant aspects of the economic and engineering considerations would have been incorporated.

III. THE CURRENT STATUS AND STRUCTURE OF INDUSTRIAL DEVELOPMENT OF AFRICAN LDCs

10. The manufacturing sector in African LDCs is still at a very low level in terms of structure, level of output and productivity. The share of manufacturing in the GDP is estimated at an average of 7 per cent in 1982. For eleven of the countries, it is 5 per cent or less. Only four countries attained or exceeded 10 per cent of manufacturing value added in their GDP, they include Ethiopia-10 per cent, Malawi 10 per cent, Burkina Faso 11 per cent and Rwanda-14 per cent.

A significant feature of manufacturing in African LDCs is the concentration on agrobased activities which is characteristic of all the LDCs. UNIDO estimates the distribution of industrial categories in LDCs as follows: food processing 24 per cent, textiles 32 per cent, wood products 6 per cent, chemicals 9 per cent, non ferrous metallic minerals 4 per cent and engineering based industries 6 per cent. The share of agro-based industries is three times as high in the LDCs as in other developing countires. On the other hand the share of the other industries is much less, for example, in engineering products only one-tenth that of developing countries as a whole. 3/

11. The manufacturing sector in African LDCs in particular and African countries in general is predominantly foreign controlled, and in most cases a total absence of indigenous entrepreneural participation especially in the major medium and large establishments. Exceptions are in some medium and large establishments owned by the government, but in most cases foreign interests are entrenched in the management and technical and skilled manpower. The dominant foreign interest in the conception and design, ownership and operation of manufacturing enterprises results in, among others, capital intensive structures, largely assembly and preparations, without real manufacturing content. This is largely responsible for the heavy reliance on foreign source for raw materials which are in partly finished intermediate stages in the manufacturing process. The large scale activities in manufacturing and other industries utilize sophisticated technology which can neither be acquired nor adapted to the factor proportions of the African LDCs. The employment generation capacity is considerably low as the foreign interests in industrialization are not aimed at the solution of the burning economic problems of the LDCs. In addition the major commercial and distributive establishments are owned and/or controlled and managed by foreign interests.

12. Co-existing with the foreign medium and large industrial and commercial enterprises are small scale indigenous industrial establishments using rudimentary technology and coversing such areas as artisans and craft industries and semi-skilled marginally employed producers of crude consumer goods. Other activities are categorised under the informal sector which includes self-employed artisans: shoe makers, vehicle repairers etc. They are dominant in terms of employment generation activities. The quality of their products are not standardised, and as such the export potential is limited by quality, supply and demand constraints. As they rely very much on indigenous technology and inputs, they are not very vulnerable to activities in the export sector. 4/

3/ See "The Least Developed Countries: Implementation of the Substantial New Programme of Action," Background Paper (UNIDO, Geneva ID/Conf.5/10, 16 January 1984).

4/ See "The Role of Indigenous small-medium scale enterprises in the Socio-economic Transformation and Development in Africa", E/ECA/PSD.3/33/22 November, 1983.

13. Over the past decade or so, there has been a considerable growth in capital investment in the industrial sector in African LDCs without the corresponding output commensurate with the level of capital stock. Increasing bottlenecks in the industrial sector has engendered the inability of enterprises to apply the capital stock fully, and this has resulted to widespread industrial capacity under-utilization (otherwise referred to as industrial excess capacity) which has been a persistent and malignant component of industrial development of the African LDCs in particular, and developing countries in general. It is manifested as a waste of investment capital, which is left idle unintentionally in an unproductive form due largely to demand and/or supply constraints. It constitutes a burden on the national economy and a waste of scarce capital which results in loss of efficiency and high cost of industrial production. Among others, it undermines the trans-formation and growth objectives of industrial development.

IV. SOME EVIDENCES OF INDUSTRIAL CAPACITY UNDER-UTILIZATION IN AFRICAN LDCS

14. In spite of the enormous threat of industrial excess capacity to the economic development of the African LDCs, very little attention has been given to under-standing the extent and structure, short of very limited enquiry in a few manufacturing enterprises in some countries. If the industrial sector is taken in a wider context to include mining and quarrying; manufacturing; building and construction; electricity, water and gas; and the service workshops in LDCs it is indeed a major proportion of the GDP. However, the focus of this paper is on the manufacturing sector.

15. A global picture of the manufacturing sector in African LDCs shows a remarkable decline, especially since the 1980s. The average real growth rate switched from 2.1 per cent in the 1970s to a decline by 2.8 per cent in 1980-81 and 0.4 per cent in 1981-1982. The preliminary evidence for 1982-84 shows that the manufacturing value added in real terms declined significantly beyond the 1980 level in most African LDCs. The most dramatic decline occurred in Tanzania (-28.3 per cent in 1980-81 and -26.4 per cent in 1981-1982), Togo (-4.2 per cent in 1980-81 and -12.3 per cent in 1981-82), Sao Tome and Principe (-26.7 per cent in 1980-81) and Chad (-20.8 per cent in 1980-81 and -13.0 per cent in 1981-82).

16. Fragmentary evidences indicate that industrial 5/ capacity under-utilization is a universal phenomenon among African LDCs. The problem has become so severe that the utilization rate of manufacturing capacities in African LDCs as a group declined to under 50 per cent by 1980-81. Among countries, the rates vary from 20 to 95 per cent. Within countries, there are sharp variations among industrial categories and enterprises depending on the nature of the dominant constraints. Cases of complete shut downs of manufacturing establishments in the various industrial enterprises are very common features in all the African LDCs.

5/ The emphasis is on the manufacturing sector.

17. The industrial capacity utilization started declining in Tanzania in 1978-80 when it was estimated that the utilization rate in half of the national industrial enterprises was less than 50 per cent. Continued severe economic conditions, especially foreign exchange shortages have caused the rates to decline further to 20 to 25 per cent in the entire national manufacturing capacity by 1982/83. The problem cut across disproportionately in all the industrial categories, but worse in those that depended heavily on foreign sources for raw materials and spare parts 6/. Estimates based on a sample survey of 40 enterprises in Burundi in 1980-81 shows that 42 per cent of them utilized less than 50 per cent of their installed capacity. Of the private enterprises in the sample, 58 per cent utilized less than 50 per cent of their capacity. The corresponding proportions for the public enterprises in the sample was 56 per cent. The utilization rate was zero in some establishments. 7/

18. A survey by the World Bank established that only half of the industries in the sample in Botswana operated at a full capacity 8/. Uganda has been unable to rehabilitate a good proportion of its national manufacturing capacity which has been idle for over a decade. The national industrial utilization rate is estimated at 35 per cent in 1983 9/. In Chad, most of the industrial establishments ravaged by the internal strife are yet to be rehabilitated. Out of the 40 industrial enterprises located in N'Djamena (about half of the national capacity), only 13 of them are in operation at capacity levels ranging from 20 to 30 per cent. Evidence from Guinea shows that the capacity utilization rate of most manufacturing industries was below 40 per cent in 1978 and has been falling ever since 10/. Estimates for Sudan in 1980 put the national industrial utilization rate at 30 per cent. For some specific industries, it was 20 per cent for textiles, 40.5 per cent for sugar and 53 per cent for cement 11/.

6/ See UNIDO, the Potential for Resources-Based Industrial Development in Least Developed Countries No. 3: The United Republic of Tanzania (UNIDO/IS.293, 1982) pp. 47-50; see also Singh, Ajit, "Third World Industrialization: Industrial Strategies and Policies in the 1980s and 1990s," in Industrial Strategies and Policies for Developing Countries, Vol. II (UNIDO/IS.431/Add.1, Dec. 29, 1983) pp. 212-240.

7/ UNIDO - le potential des développement industriel partir des resources naturelles dans les pays les moin avances. No. 2. Burundi, UNIDO/IS.284 - 25 February 1982.

8/ See M. Tiller and B-Decaux, The Manufacturing Sector in Botswana (World Bank, 1980).

9/ Katumba, A.B., "The State of the Industrial Sector in Uganda", (Makerere Institute of Social Research, 20 September 1984), MAFS/011/1/1984.

10/ See Annex IV on page 26 of this paper.

11/ See Idris El Karun, "Industrial Production in Sudan, "In Industrial Strategies and Policies for Developing Countries, Vol. II (UNIDO/IS.431/Add.1, 29 December 1983) pp. 356-372.

19. Other indirect evidences bear testimony to the prevailence of serious industrial excess capacity in African LDCs. Since the 1980s, UNIDO had intensified its programme of rehabilitation of industrial projects in many African LDCs. At the aid co-ordination meetings, a strong case has been made for the inclusion of industrial rehabilitation among others, in the aid package. Recently the DAC countries extended about 8 per cent of their assistance in the form of non-project aid. This package included, among others, rehabilitation of existing installations. The World Bank strongly noted in its programme for sustained development for sub-Saharan African that the greatest emphasis should be placed on the rehabilitation of existing establishments rather than on new projects. 12/

V. THE CAUSES OF INDUSTRIAL CAPACITY UNDER-UTILIZATION AND ITS IMPACT ON INDUSTRIAL DEVELOPMENT

V.1 Causes of capacity under-utilization

20. The incidence of industrial capacity under-utilization finds its root in the dependence of the LDCs upon technologies developed in the advanced industrial countries. These are embodied in the plants and equipments which are produced primarily for the markets of the advanced economies and adapted to their scale of production and factor proportions. The indivisibility of plants constraints the LDCs to choose the scale from the only options available. In addition to the fundamental technological constraint, other causes include demand and supply constraints, planning and execution errors, poor management, government policy measures and the inability of African LDCs to co-operate in industrial planning and harmonization of policies at the sub-regional and regional levels.

21. The demand constraint is imposed by the small size of the market in most African LDCs. The market size is determined primarily by the population size and income level, both of which are very low in most of the countries. As a group, the total population of African LDCs is estimated at 153.7 million in 1982, and the GDP per capita was $297. The estimated 1982 population of 15 of the African LDCs is less than 5 million and that of five of them is less than half a million. As the scale of plant for such small markets may not be available, the LDCs are forced to acquire larger plants. Excess capacity is carried along until demand grows to absorb the surplus or export outlets are found. For sometime now, the competition by the other developing countries and the global economic recession has constrained the export possibilities. The resultant excess capacity caused by drastic fall in internal and external demand has been worsened by supply constraints resulting from severe domestic economic crises and developments in the external sector.

12/ See World Bank, Towards Sustained Development: A Joint Programme of Action for Sub-Saharan Africa, Vol. I of II, Report No. 5228, August 1984.

22. The structural dependence of manufacturing industries on foreign inputs in African LDCs has created a situation in which export trade has become a major determinant of the pace of industrial activities. Most of the countries depend on foreign sources for (i) machinery, equipment, spares and maintenance (ii) managerial and skilled manpower (iii) raw materials and fuel. Capital goods import accounted for 38 per cent of total imports of African LDCs, as a group in 1975-1980 and 30 per cent in the early 1980s. The proportion of imports devoted to machinery (electrical and non-electrical) was 15.4 per cent in 1977-1982 and fuel about 40 per cent. The dependence of some industrial categories on imported raw materials was 100 per cent. Such industries chemicals and drug preparation, plastics, paper products, electrical products and vehicle assemblies. The case of Burundi is typical of other African LDCs 13/. The impact of the shortage of foreign exchange on industrial capacity utilization is apparent from the case of Tanzania in 1981. Only 6 and 5 per cent of the request for foreign exchange allocation for industrial raw materials and spare parts, respectively, were granted.

23. African LDCs have been passing through deepening balance of payments, crises which was triggered off by the oil shock in 1973-1974. The current account deficit built up from $2.2 billion in 1975 to $4.5 billion in 1981. There was a decline to $4.2 billion in 1982 due to a deliberate restrain on imports. The balance of payment crises was complicated by mounting debt problem which rose phenomenally from $1.9 billion in 1970 to $16.1 billion in 1982. The debt service ratio increased from 8.3 per cent in 1970 to 18.7 per cent in 1982.

24. The balance of payment and debt crises, and severe domestic economic situation affected the development and maintenance of the critical social and economic infrastructure very adversely. This resulted in bottlenecks in production and movement of domestic raw materials and break-down of transport and communication network. The case of the land locked African LDCs 14/ was compounded by the addition of the problems of their transit neighbours.

25. Planning error and operational constraints are very common causes of industrial excess capacity in African LDCs. Planning error has resulted in choice of technique and scale unrelated to domestic factor proportions, market, manpower and other resource base. This situation was very common during the period of favourable export earning and easier access to external assistance which resulted in a rush to

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13/ See UNIDO/IS.289, 23 February 1982, Le Potentiel de Développement Industriel a partir des resources naturelles dans les pays le moins avances. No. 2, p. 32.

14/ The land locked African LDCs are Botswana, Burundi, Central African Republic, Chad, Lesotho, Malawi, Mali, Niger, Rwanda, Uganda and Burkina Faso.

establish industries without proper project design and evaluation. Even where feasibility studies were carried out, foreign interests are more concerned with sale of equipments (in many cases, obsolete). Bilateral and other official assistance, and their technical support did not do much either especially with the component of their aid tied to equipment procurement.

25. At the operational level, adequate provision has not been made for operating capital to bridge the period between the inception of the project and when it starts making profits. Serious operational problems have arisen from poor management, lack of skilled operational staff and heavy reliance on expatriate manpower. Especially in government projects, the management staff may be appointed with purely political consideration, and little regard for background and experience. Even where they have the necessary background, the incentive structure (salaries, and wages) are so poor relative to the private sector options, that they destroy initiatives. In addition, interference by government creates uncertainity and precludes innovative drives which could lead to the full utilization of installed capacity.

27. Some government policies have contributed to the building up of excess industrial capacity. The high tariff protection to manufacturing enterprises, especially the relatively large ones with government and foreign interests have created monopolistic and oligopolistic structures. Other investment incentives include easy access to cheap capital at low interest rate, favourable exchange rate facilities, accelarated depreciation of capital, tax holidays, writing off losses against future profits and high government subsidies. These policies and incentives have encouraged the adoption of high cost technology, suboptimal scales of production, as they make it possible for enterprises to recoup the high cost of idle capacity by maintenance of high price levels for their products.

28. The case of Burundi is typical of all the African LDCs. Out of 71 enterprises surveyed, half of that operate as monpolies and 14 per cent are sustained by subsidies from the government and other sources. It has to be noted that in all African LDCs, excess industrial capacity is more associated with the relatively large projects.

V.2 The impact of industrial capacity under-utilization on industrial development

29. It has been recognized that the industrial sector has a strategic role in the structural transformation of the LDCs to achieve a self-sustaining growth of the economy, as it has the potential to cope with the emerging development problems especially rising unemployment, falling productivity and output. It is necessary to husband industrial capital and allocate it in such a manner as to promote growth. Industrial capacity underutilization endangers the very process of industrialization and hinders the prospects for faster economic growth by reducing economic efficiency and employment of domestic resources in the production process. It ties up a proportion of scarce national investment capital in idle capacity, causes a fall in profit (hence loss of investment), wastes scarce foreign exchange, and deprives the economy of the output of goods and services. It acts as a disincentive for innovative drives and investment in Research and Development (R & D), and discourages further investment by domestic initiatives and/or external capital flows.

30. The building up of idle industrial capacity prolongs the life time of installed capacity, thereby hindering the renewal of obsolete equipment and the introduction of more advanced production methods which is embodied in the new equipments. The case of Uganda is illustrative. The machinery in the major textile mill, cement and sugar factories are about 40 years, and that of the pepsi cola plant is about 34 years old.

31. The technical progress in new plants is closely associated with improvement in the pace of production and the quality of the products which enhances competition with imports. Industrial excess capacity perpetuates the technical lag of the African LDCs, thus widening the gap in the technological progress between them and the advanced economies. It precludes the LDCs from exposure to new techniques which can be adapted or form the basis for the development of their own technology that is relevant to their resource base and factor proportions.

32. Suboptimal capacity utilization reduces government revenue in the form of sales, excise and export taxes. Such taxes constitute a significant proportion of government revenue. It has been estimated that if all industries were operating at normal capacity level of utilization in Tanzania instead of the present low level, sales and excise tax revenue would be doubled, which would not only eliminate the current fiscal deficit, but will also make a sizeable contribution to the capital account 15/.

VI. STRATEGIES TO COPE WITH INDUSTRIAL CAPACITY UNDER UTILIZATION

33. The fragmentary evidence on industrial capacity under utilization suggests that industrialization is becoming a main source of economic difficulties in African LDCs if the current trend continues. Attempts to deal with the problem will require a thorough understanding of the location, structures, extent and causes, as the basic tools for effective economic policy and investment decision. This can be facilitated by the organization of the relevant systematic statistics especially at the enterprise and industry levels. It appears that the fundamental problem in the industrial development of the African LDCs is largely the lack of the necessary government strategies, policy, and effective measures in the industrial enterprises which contribute to the existence of capacity underutilization. Another dimension of the problem is the special circumstances of some of the African LDCs, like small size and land lockedness, which suggests a sub-regional and regional approach to industrial planning and implementation. Measures to deal with the problem of Industrial Excess Capacity can be classified into short-, medium-, and long-term, which can be implemented at the national, sub-regional and regional levels.

15/ See JASPA/ILO, Tanzania: Basic Needs in Danger (Addis Ababa, 1982).

VI.1 Short-term Measures at the National Level

34. Some changes in government fiscal and monetary policies are required to reduce industrial excess capacity. Among them are high tariff rates which encourage monopolistic structure by ensuring adequate profit for the enterprises that keep excess capacity through charging high prices for their products. Investment incentives like tax holiday, accelerated depreciation of capital and pioneer status, ought to be reviewed, and where need be, tied with performance. The domestic credit conditions and allocation of foreign exchange for the importation of capital equipment, spare parts and raw materials should reflect the existing market conditions.

35. The factor of foreign exchange in industrial excess capacity is a major problem in African LDCs. A deliberate and determined effort should be made to plan foreign exchange expenditure on imports to give top priority for the maintenance of the operations of the existing enterprises in order to minimize idle capacities. Such expenditures will focus on spare parts and raw materials.

36. The importation of goods which are produced in adequate quantity locally is one of the sources of industrial excess capacity. An example is in the textiles industry where a good number of African LDCs have adequate domestic productive capacity. In such cases, there is a need for tight control on imports, but the necessary measures must be taken to prevent the development of monopolistic and oligopolistic structures. This can be achieved by monitoring the output and price levels of the local enterprises to make sure that they are reasonable within the constraints of the domestic environment.

37. Some government policies particularly those that affect factor prices have some negative effect on industrial capacity utilization. A good example is the minimum wage legislation which sets wages above the actual market price of labour and in most cases the policy has little or no relation with productivity. This type of policy discourages employment of the optimal level of labour and use of equipment for longer hours, particularly where more than one shift is necessary. The cost of labour involved does not justify the level of output realized, consequently the enterprises may prefer to leave the plants idle for some periods. A contrast to this is the situation that prevails in government enterprises where the management and operational staff are subjected to the salary structure in the civil service. This destroys the initiative of the staff in the industrial enterprises for devising ways of reducing excess capacity in their respective establishments. The demoralization is the more serious as their counterparts performing similar functions in the private sector are given more incentives. This problem is compounded by the fact that, in most cases, there are interferences from the supervisory ministries from where directive and/or clearance is given by officials who have no knowledge whatsoever of industrial operations. A positive step should be taken by the government in this regard by removing government industrial enterprises from the burden of civil service bureaucracy and insulating them from interferences especially in matters relating to fixing of wages, organization, employment and operations in a manner commensurate with their business orientation.

38. Certain internal measures can be taken within the industrial enterprise to increase the operational and organizational efficiency. Among them are the introduction of modern methods of planning and programming investment and output to ensure minimum idle capacity and stock of raw materials and output. This will also facilitate adequate provision for operating capital. Better organization of activities and responsibilities will increase labour productivity and act as a motivational factor for employees.

39. The adoption of proper quality control and production technique will ensure that the products are competitive in both the domestic and external markets, and open export possibilities, thereby removing demand constraints. Productivity and quality of production can be further enhanced by the engagement of capable managerial and operational staff and instituting measures for skill improvement and upgrading in order to acquaint staff with new techniques of production and control, and managerial styles. The necessary steps should be taken from time to time to relate incentives and remuneration to productivity and performance. Where supply and demand constraints permit, industrial enterprises should introduce multi-shift work, especially in capital intensive operations. This will result in cost reduction, higher efficiency, increased gross output and better utilization of capital stock.

VI.2. Medium-term-term Measures

VI.2.1. At National Level

40. There is a need for government to set up broad policy guidelines to regulate and monitor foreign investments to ensure that they utilize their installed capacity to the maximum extent possible. Foreign enterprises in most cases seek the most profitable outlets for their resources rather than the interest of the host nation. Corresponding to this, it is necessary for the government to have a policy on the age and quality of equipment imported into the country by foreign enterprises. Many of the equipments installed in some of the LDCs are so old that they cannot operate at the rated capacity due to obsolence as they break down more often and their spare parts cannot be found easily.

41. There is a need for a systematic programme to minimize the dependence on foreign sources for raw materials, spare parts, maintenance and skilled manpower. The government should be selective in the licensing of industrial enterprises by ensuring that they have the potential, within a reasonable period of time (under 5 years), to rely on local sources for the whole or the maximum possible proportion of their raw material needs. The inability and unwillingness of enterprises to invest in the production of raw materials and some capital equipments locally result largely from inadequate protection for the domestic production. Potential investors will be required to present a detailed proposal on how they intend to meet their input requirement, with projection into the future. A group of enterprises within the same industry may be required to set up facilities for the production of raw materials and spare parts. Such facilities can be financed with compulsory tax deductible contributions from the various enterprises.

42. The government can set up a Centre for skills development which can be financed with a proportion of the profit of manufacturing enterprises and a matching grant from the government. The problem in skill transfer by expatriate manpower has proved very elusive because of the reluctance of foreign enterprises to take definite measures in this direction. Expatriate staff should have a local counterpart to acquire their skill within a reasonable time and this process should be monitored by the skills Centre. Technical assistance in the area of industry should be utilized in skill development institutions which should be on-the-job in orientation.

43. Industrial capacity under utilization sometimes results because of inadequate domestic demand. Production for export may be constrained by the poor quality of the products and high cost of production due to, among others, obsolete equipment, small scale of plants resulting in diseconomies in production and lack of market information. Government can devise national standards on plant specifications, product standard, and quality control which will enhance the competitiveness of domestic products in the world market. The government can also set up "standard" bureau to monitor the quality of products; and an external market research bureau, to provide market information for export as well as incentives to export oriented industries.

44. Industrial enterprises, especially private sector establishments, should take measures to increase industrial capacity utilization through maximum diversification possible in the product and process structure as a safe-guard against short falls in demand and inputs (especially raw materials). Diversification along product lines will make it possible for them to switch from the production of one commodity to the other, while along process line will facilitate the substitution of, for example, an imported raw material with local one. The later may require some minor adaptation of the plant and equipment. The feasibility of this, however, depends on technological factors.

45. It is also possible for enterprises to engage in positive joint ventures that minimize idle capacity by sharing certain aspects of their product lines and market development and information. Maintenance workshop can be operated jointly by a group of enterprises, and an enterprise can subcontract orders it cannot meet to another enterprise rather than investing in a new facility that will be idle most of the time. Such cooperative arrangements will guard against the existence of two many small plants which experience diseconomies of scale.

VI.2.2. At the Sub-regional and regional levels

46. Manpower constraints could be more easily handled under subregional and regional arrangements. Shortages are usually localized in certain countries and in specific occupations. Experience in some African LDCs indicate that shortages in some occupations may co-exist with surpluses in others. This suggest that the shortage of skills may be more acute at the country level than at the regional level. It is easier to carry out manpower development for specific skills at the subregional and regional levels. Specialized institutions can be located in the different countries to serve the needs of all the countries in the subregion.

47. Industrial excess capacity in African LDCs can be minimised by exploring further export possibilities at the subregional and regional levels and in the markets of advanced countries. This would require a substantial effort on market information and improvement and standardization in the quality of their products to enhance their competitiveness. A few African LDCs have been able to make successful in-roads into the markets of the advanced countries but this has been constrained recently by competition by other developing countries, protective measures in the advanced countries and the global economic recession. Subregional and regional trade in manufactured goods provides a cushion against the uncertainties in the market of the advanced countries. Efforts should be made to work out the framework for the measures for the necessary harmonization to sustain both the production and the trade.

VI.3. Long-term measures

VI.3.1. At the national level

48. Industrial capacity under utilization often results from poor national strategies, planning, implementation and monitoring. Industrial strategy in the overall national economic planning and programming, needs to take due consideration of the domestic resource base with regard to the following aspects of the economy: raw material availability, linkages with the other sectors, domestic market demand,

export facilities, transport and communication infrastructure, power and other public utilities, managerial and skilled manpower availability. These factors will determine technique and scale of plant that can be sustained without undue stress to the economy's capacity. Proper industrial programming will ensure coordination and monitoring at the national level in the approval and issuance of licences and control of the number and types of industries to be established. This is necessary so that the domestic resources, export potentials and external resource flows can support the level of industrialization.

VI.3.2 At the subregional and regional levels

49. Most African LDCs are small countries characterized by low income, low population, narrow domestic resource base and poor export prospects. As individual countries, most of them cannot embark on any meaningful industrialization. In addition to low level of social and economic infrastructural development, there is acute manpower shortage, especially at the managerial and skilled levels. Their economic situation constrain them to choose smallsized plants in their limited industrial development efforts because of high degree of uncertainity, lack of the organization and technical capacity to handle large plants, low capacity for resource (domestic and external) mobilization and limited domestic market. African LDCs and other African countries can get around these problems by planning and implementing their industrial development through co-operation at the regional and subregional levels. A subregional and/or regional approach will remove the market bottleneck and facilitate the choice of larger plants for the wider market. The choice of larger plants will increase the competitiveness of the products with imports, as well as open up export options.

50. Subregional and/or regional approach to industrialization opens up the prospects for the removal of supply bottlenecks and specialization at the various stages of the production process. It is possible for countries to specialize in certain aspects of the production process, particularly in heavy industries. For example, in iron and steel project, the ore can be mined and processed in one country and then shipped to another country within a subregion for further processing into billets which can be converted into bars, rods and sheets in third country and then marketed in the regional market. In petrochemical complex, the crude petroleum produced one country can be refined in another and the bye-products can be shipped to a third country for further processing into other petrochemical products which will constitute inputs into various industries in the different countries in the region. The surpluses of the products at the various stages of production can be exported. There is, however, a need to ensure that the various industries in the various complexes (primary - secondary-tertiary) are equitably distributed among the various countries. To a large extent, activities at the subregional and regional levels will considerably reduce the raw material bottleneck and foreign exchange difficulties as industries will be planned and programmed with due consideration for the regional resource endowment (human and material).

51. The development of economic infrastructure like roads and communication can be more meaningfully carried out at the subregional and regional levels. Substantial economies of scale can be gained by developing power facilities and carrying out research in major areas like agriculture, industry and natural resources for a group of countries. This approach is more pertinent to the needs of land-locked countries.

52. The dependence of African LDCs on foreign technology is one of the other crucial factors that result in excess capacity in industries. African LDCs, in co-operation with other African countries should aim at strengthening the African Regional Centre for Science and Technology in order for the Institution to play a more active role in the development and adaptation of technology.

53. There is no doubt that a lot of scope exists for dealing with the problem of industrial capacity under utilization among African LDCs more decisively at the sub-regional and regional levels. It is necessary to set up the political and economic framework for discussion and implementation of the necessary programmes. This is the more so as their problems are similar which creates the necessity for them to start a dialogue among themselves on working out the sort of co-operation that will re-inforce the measures for attaining their development objectives in the 1980s.

VI.4. The Implementation of Industrial Development Decade for Africa (IDDA)

54. The African LDCs should implement the provisions of the Industrial Development Decade for Africa (IDDA) which was borne out of a realization of the need to bring about a major change in the socio-economic development of Africa and the critical role of industry in that process of change.16/ This will contribute immensely to the solution of the problem of industrial capacity under utilization and consequently setting the pace for sustained industrial development. Actions are to be taken at the national, subregional, regional, interregional and international levels. The implementation phase has been set for the period 1985-1989.

55. At the national level, countries are expected to prepare an investment portfolio of identified core projects. They are also required to identify projects requiring co-operation at the subregional and regional levels with a view of reaching speedy decisions on intra-African co-operation. Among others, equal attention would be given to physical infrastructure, institutional mechanisms, environmental considerations, technology and, above all, the manpower requirement for the implementation of the industrial programmes and plans. Actions are to be taken in the areas of science and technology, energy, the development of industrial technological manpower, especially at the various skills and management levels required for planning, implementing and operating the industrial projects. A technology programme would include research and development, standardization and quality control, engineering design and technology adaptation, and the strengthening of negotiating capacities for the acquisition of technology.

16/ See United Nations, A Programme for the Industrial Development Decade for Africa (New York, 1982).

56. A detailed assessment of the financial requirements should be undertaken as well as appropriate measures should be adopted by the countries for the mobilization of domestic and external resources for the implementation of the programme. The African Development Bank (ADB) should devote a certain proportion of its resources to financing the IDDA programme. A substantial increase in the flow of external financial resources for industrial investment, especially in the African LDCs, is of crucial importance in the attainment of the objectives of the programme.

57. The actions at the subregional and regional levels include the preparation of industrial policies and programmes within the strategic industrial subsectors and areas at the subregional and regional levels to promote industrial complementarity based on specific resource endowment of each African country as well as joint and/or cross participation to optimise limited investment resources and to enlarge the market. Other areas of co-operation are in information system to exchange industrial and technological information, identification of multinational projects, industrial training, energy, engineering consultancy, trade in manufactures, industrial inputs and raw materials, the harmonization of fiscal and trade policies and the co-ordination of national industrial development plans.

58. The Decade programme recognizes that one of the fundamental requirements of the Lagos Plan of Action for achieving the industrial development in Africa is the creation of a network of small and medium scale industries, as well as promoting and encouraging the informal sector.17/ Small and medium scale industries develop substantial linkages with the dominant primary sectors of the economy and provide the basis for supply of raw materials from primary domestic resource base especially agriculture, to the large scale establishments. They in addition increase the local production of basic goods and services particularly those based on domestic natural resources. The small and medium enterprises can be adapted or developed to manufacture spare parts and service materials for the large scale establishments, thus serving the dual role of saving foreign exchange and reducing the delays associated with foreign sources of inputs.

VII. Conclusions

59. Industrial capacity under utilization has become a major problem that is increasingly crippling the industrial development and attempts for self-sustaining growth of the African LDCs. The fundamental sources include inappropriate government strategies, poor policies and lack of planning which results in the establishment of enterprises that are unrelated to the domestic resources base and factor proportions. The entrenched foreign interests in the design, choice of techniques and operation of industrial enterprises is aimed at finding the most profitable outlet for their surplus resources which at times are in the form of equipments, and plants (at times obsolete) which rely largely on foreign inputs and enjoy monopolistic shelters without any reasonable contribution to the primary national objectives in the industrial sector.

60. There is an urgent need to cope with the existing industrial capacity and more fundamentally to ensure that future establishments do not have the potentials to develop idle capacities. This would require effective government policies, planning and monitoring capabilities that will give the necessary directives to

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17/ Ibid.

both foreign and indigenous enterprises. Industrial planning and programming should be increasingly more inward oriented and should progressively develop strong linkages with the critical sectors of the domestic economy to minimize the external supply bottlenecks. African LDCs should plan some aspects of their industrial development at the regional and subregional levels either among themselves and/or with other African countries. The necessary co-operation in joint ventures and harmonization of policies will address themselves effectively to some of the fundamental causes of industrial excess capacity. It is necessary, at the national level, to develop the machinery for the organization and collection of reliable and systematic data on the current status of industrial capacity under utilization and a good insight into the causes for meaningful and effective planning and implementation of industrial development. In spite of the conceptual problems in the study of capacity utilization, every attempt, however vague, must be made to estimate and monitor the degree as it provides the basic tools for better policy in the industrial sector and investment decision.

Population, per capita GDP and growth rates, GDP in manufacturing of African least developed countries, 1980-1982

	Population (million 1982	Per capita GDP ($) 1982	Average annual growth rate of per capita real product (percentage) 1980-1981	1981-1982	GDP in % share in total GDP 1982	Manufacturing real growth rates (%) 1980-1981	1981-1982
Benin	3.62	288	3.3	4.4	5	3.4	6.7
Botswana[a]	0.96	830	8.7	-1.5	9	26.4	6.7
Burundi	4.46	249	-1.2	-5.1	9[i]	2.2	-0.3
Cape Verde	0.33	257[a]	6.8	3.4	6[i]	6.7	2.1
Central Afr. Republic	2.40	269	-4.3	-3.9	6	2.1	1.6
Chad	4.64	148	-10.9	-9.2	7	-20.8	-13.0
Comoros	0.38	261[b]	0.6	2.9	5	6.5	4.9
Djibouti	0.33	642[b]	-1.2	-1.2	8	-1.1	-4.7
Equatorial Guinea	0.38	188[c]	-0.2	1.5	5[i]	1.7	5.0
Ethiopia	32.76	137	-1.3	0.5	10	4.1	3.4
Gambia [d]	0.63	357	-5.7	7.2	5	92.3	15.1
Guinea	5.28	387	-0.5	2.9	3	3.0	8.0
Guinea Bissau	0.82	198	1.3	-1.4	1	2.0	-5.7
Lesotho [e]	1.41	240	1.0	-0.3	4	2.4	3.0
Malawi	6.27	213	-3.4	0.1	10	1.8	-4.5
Mali	7.34	157	-4.2	-4.2	7	-3.6	-4.3
Niger	5.84	340	-1.8	-3.0	5	-4.4	-0.8
Rwanda	5.59	248	-0.8	-2.4	14	1.8	15.1
Sao Tome and Principe [f]	0.09	335[g]	-12.5	...	...	-28.7	...
Sierra Leone	3.67	348	3.3	-2.9	4	3.9	1.9
Somalia	5.12	293	-4.1	1.4	6	-0.9	8.6
Sudan	19.45	470	3.4	1.7	6	4.4	3.3
Togo	2.79	295	-7.9	-6.3	4[i]	-4.2	-12.3
Uganda	14.06	212[h]	0.9	2.6	4[i]	-5.9	12.1
Tanzania	19.11	261	-7.5	-5.9	7	-28.3	-25.4
Burkina Faso	6.36	185	6.9	5.0	11	4.0	2.9
African LDCs	153.7 [k]	297[k]	-1.0	-0.6	7	-2.8	-0.4

Source: UNCTAD Secretariat calculations based on data from UN Statistical office, the Economic Commission for Africa, the World Bank and other International and national sources.

a/1980. b/ Excluding income accruing to national residents. c/1981 d/ Fiscal year beginning 8 July. e/Fiscal year beginning April 1. f/Fiscal year beginning 1 July. g/1981. h/Per capita GNP 1981. i/1980. j/1981. k/ECA.

Proportion of manufactured goods in exports and imports of African LDCs, 1970-1981
(percentages)

	E X P O R T S			I M P O R T S		
	1970-74	1975-79	1980-1981	1970-1974	1975-79	1980-81
Benin	10.1	9.9	...	68.5	63.9	...
Burkina Faso	5.7	8.6	11.9	57.0	60.0	56.5
Burundi	1.4	1.2	1.3	55.5	63.2	...
Cape Verde	9.5	19.1	5.2	29.5	28.7	43.3
Central Afr. Republic	33.0	30.9	26.2	76.9	78.1	73.1
Chad	2.9	5.1	...	53.8	65.6	...
Comoros	37.8	29.5	...	53.8	55.6	...
Djibouti	3.5	2.9	...	45.8	40.0	...
Equatorial Guinea	...	0.8	...	...	...	...
Ethiopia	1.9	0.9	0.4[a/]	73.2	68.7	60.0[a/]
Gambia	0.03	0.2	...	63.0	60.1	...
Guinea Bissau	2.3	0.5	...	58.1	55.0	...
Malawi	3.2	3.7	6.9	67.9	70.4	67.7
Mali	9.8	8.1	...	58.0	61.4	...
Niger	6.7	3.3	2.0	62.8	58.6	53.6
Rwanda	2.0	0.1	...	61.3	62.5	...
Sierra Leone	61.9	58.7	...	60.6	45.7	...
Somalia	2.0	1.5	0.5	59.5	62.8	58.8
Sudan	6.5	12.9	12.3	62.1	72.8	55.1
Togo	5.3	7.1	12.4	66.3	67.7	59.1
Uganda	0.2	0.2	...	80.2	70.8	...
United Rep. of Tanzania	11.3	12.9	12.3	65.2	67.4	58.7

Source: Handbook of International Trade and Development Statistics 1979, 1980 and 1984 supplement.

... not available.

a/ 1980-1982.

Labour productivity in some African LDCs (modern manufacturing sector) (gross value added at 1970 constant factor cost per man-year)

(US dollars)

						Annual	Annual growth rate percentage		
	1970	1975	1978	1979	1980	1970-1980	1970-1980	1975-1980	1978-1980
Ethiopia	1973	2004	1878	2271	2493	2073	2.5	4.8	15.3
Malawi	1272	1304	1016	1119	1015	1206	-3.4	-4.7	0.0
Central African Republic	1403	2230	1986	1895	1741	1935	3.9	-4.3	-6.8
Somalia	2415	1947	1652	1534	1519	1991	-4.1	-7.6	-4.4

Source: Productivity and development of manufacturing industries in April (E/ECA/ISD.3/34).

Capacity utilization of industrial enterprises in Guinea, 1976-1978

(percentages)

Enterprise	(percentages) Capacity utilization		
	1976	1977	1978
Agricultural equipment at Mamou (USUA)	29	32	16
Brick industry at Kankan	38	44	19
Brick industry at Kobaya	-	53	..
Candle factory (SOFAB)	14	31	20
Food preservation at Mamou	31	37	9
National enterprise for tobacco and matches (EMTA)	121	116	..
National electricity (SME)	90	123	100
Fruit joice canning (UJFK)	11	14	..
Furniture at sunfonia (UMS)[a/]	10	13	12
Vegetable oil factory at Sabola			
- vegetable oil	14	35	35
- cake	17	39	..
- soap	14	50	..
Paint industry in (UNAKRY (SIPECO)	60	75	23
Wood work and saw milling (USCZ)	25	20	..
Metal fabrication (SOMGUIFAB)			
- roofing materials	55	58	42
- Utensils	96	104	160
Soap and perfume (IGAT)	25	45	40
Beverages at foulaya (CBF)	15	26	26
Sugar at Koba (SUCOBA)[b/]	27	20	7
Tea industry at the de Macenta (UTM)	31	20	..
Textile complex at Sanoyah a/	2	4	..
National tiles and granite (SOMACAG)			
- tiles	31	16	-
- granite	10	60	-
Guinee tyre retreading	32	35	35
Water distribution	58	63	44

a/ In the course of renovation.

b/ Plantation in the course of rehabilitation.

Source: United Nations: Conference des nations sur les pays les moins avances: réunion des consultation par pays (memoires de la Guinee, 1981).

Installed capacity utilization in principal industrial activities in Burundi in 1979/1980

Industry	Capacity utilization (percentages)	Industry	Capacity utilization
AGRO-INDUSTRY		METAL FABRICATION	
Coffee processing	28	Structural works	75
Tea processing	51	Galvanised sheets	15
Rice milling	84	Aluminium utensils	0
Cotton gining	14	Nails and bolts	29
Flour milling	0	NONE METALLIC MINERAL PRODUCTS	
Cigarettes	93	Cement	33
Abattoir	16	Burnt Bricks	0
		Terrazo	6
FOOD INDUSTRY		Carrelage	47
Cotton seed oil milling	23	CHEMICAL INDUSTRIES	
Beer	70	Oxygen	33
Soft drinks	-	Acetylene	3
Milk	33	Soap	47
Ice and ice cream	98	Paints and vanish	20
Fish preservation	8	Insecticides	63
Tomatoe puree	39	Medical preparation	70
TEXTILE INDUSTRY		Mattress	25
Spinning and weaving	14	Matches	80
Upholstery	62		
Tailoring	25	ELECTRICAL FITTINGS	60
PLASTIC PRODUCTS			
Shoes	67		
Bags	27		

Source: UNIDO: Le Potentiel de développement Industriel A partir des ressources naturelles dans les pays les moins avances No.2: Burundi UNIDO/IS.289, 23 February 1982, P.30.

Proportion of imported content of industrial inputs in Burundi, 1981

(percentage)

Industry	Imported raw material	Industry	Imported raw material
AGRO INDUSTRY		METAL FABRICATION	
Coffee processing	0	Structural works	100
Tea processing	0	Galvanised sheets	100
Rice milling	0	Aluminium utensils	100
Cotton gining	0	Nails and bolts	100
Abattoir	0	NON METALLIC MINERAL PRODUCTS	
Flour milling	60	Burnt bricks	0
Cigarettes	100	Cement	36
FOOD INDUSTRY		Terrazo	100
Cottor seed oil milling	0	Carrelage	80
Ice making	0	CHEMICAL INDUSTRY	
Fish preservation	0	Oxygen	100
Tomatoe puree	0	Acetylene	100
Milk	6	Mattress	100
Beer	100	Paint and vanish	100
Soft drinks	100	Medical preparations	100
TEXTILE INDUSTRY		Soap	50
Spinning and weaving	0	Insecticides	2
Upholstry	100	Electrical products	100
Tailoring	100	Vehicle repairs	100
PLASTIC PRODUCTS		WOOD AND PAPER INDUSTRY	
Plastic shoes	100	Printing	100
Plastic bags	100	Wood work	80

Source: UNIDO Le potentiel de Devéloppement industriel a partir des ressources naturelles dans les pays les moins avances No.2: Burundi UNIDO/IS.289, 23 February 1982.

Installed capacity utilization in parastatal manufacturing enterprises in United Republic of Tanzania, 1979 and 1980

Industry	Capacity utilization (percentages)		Industry	Capacity utilization	
				1979	1980
Sugar processing	58.2[a/]	58.5[a/]	Fertilizer	36.0	34.0
Cashew processing	85.0[a/]	53.0[a/]	Pyrethrum extract	18.0	27.0
Other food processing	45-70[a/]	30-65[a/]	Petroleum refining	82.3	82.1
Beer	89.7	76.2	Tyres	52.0	53.0
Tobacco	56.0	69.5	Plastic product	36.0	22.0
Textile	55.6	49.4	Cement	50.0	48.0
Leather	53.0	49.0	Aluminium	51.0	39.7
Footwear	66.0	62.0	Metal fabrication	23-50	15-49
Wood products	38.0	38.0	Motor vehicles	25.0	

Source. UNIDO: The potential for resources - based industrial development in the least developed countries No.3: United Republic of Tanzania (UNIDO/IS.293, 10 February 1982) p.49.

a/ Figures are for financial year July-June.

Main access to the sea for land-locked African LDCs

Country	Originating point	TRANSIT PORT	TRANSIT COUNTRY	DISTANCE in KMS	Means
Botswana	Gaborone	Cape Town	South Africa	1 400	Rail
	Gaborone	Maputo (via South Africa)	Mozambique	1 100	Rail
Burkina Faso	Ouagadougou	Abidjan	Ivory Coast	1 210	Road
	Ouagadougou	Abidjan	Ivory Coast	1 150	Rail
	Ouagadougou	Lome	Togo	1 000	Road
	Ouagadougou	Tema	Ghana	900	Road
	Gaborone	Port Elizabeth	South Africa	1 200	Rail
	Gaborone	Durban	South Africa	1 100	Rail
Burundi	Bujumbura	Dar es Salaam	Tanzania	1 455	Rail & water
	Bujumbura	Mombasa	Kenya	1 850	Road & water
Central African Rep.	Bangui	Pointe-Noire	Congo	1 815	Rail & water
	Bangui	Duala	Cameroon	1 400	Road & rail
Chad	N'Djamena	Lagos	Nigeria	2 000	Rail & road
	Moundou	Port Harcourt	Nigeria	1 750	Water & road
	N'Djamena	Douala	Cameroon	2 000	Rail & road
	Sarh	Douala	Cameroon	2 015	Rail & road
Lesotho	Maseru	Durban	South Africa	740	Rail
	Maseru	East London	South Africa	800	Rail
Malawi	Blantyre	Beira	Mozambique	560	Rail
	Blantyre	Nacala	Mozambique	700	Rail
Mali	Bamako	Dakar	Senegal		
	Bamako	Abidjan	Ivory Coast	1 289	Rail & road
	Bamako	Abidjan	Ivory Coast thru. Burkina Faso	1 250 1 170	Rail & road Road & rail
Niger	Niamey	Cotonou	Benin	1 060	Road & rail
	Zinder	Abidjan	Ivory Coast	2 690	Road
	Niamey	Abidjan	Ivory Coast	1 690	Road & rail
	Zinder	Cotonou	Benin	1 700	Road & rail
	Niamey	Lone	Togo	1 225	Road
	Zinder	Lome	Togo	225	Road
Rwanda	Kigali	Dar es Salaam	Tanzania	1 750	Road, water rail
	Kigali	Mombasa	Kenya	1 790	Road & rail
Uganda	Kampala	Mombasa	Kenya	1 450	Rail & road

Source: A transport strategy for land-locked developing countries: Report of the Expert Group on the Transport Infrastructure for Land-locked Developing Countries (TD/B/453/Add.1/Rev.1). United Nations Publication, Sales No.E.74.II.D5.

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Fifth Meeting of the Conference of Ministers of African Least Developed Countries

Arusha, United Republic of Tanzania

23-24 April, 1985

LC/NAIROBI

REVIEW OF ECA ACTIVITIES UNDERTAKEN IN 1984 AND THOSE PLANNED FOR 1985 AND THE 1986-1987 BIENNIUM WORK PROGRAMME IN FAVOUR OF THE AFRICAN LEAST DEVELOPED COUNTRIES

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I. INTRODUCTION

1. In the context of ECA Resolution 397(XV) and paragraph 125 of the Substantial New Programme of Action (SNPA) for the 1980s for the LDCs, the Conference of Ministers of African Least Developed Countries was instituted as a subsidiary organ of the Commission with a mandate to co-ordinate, monitor and follow-up on the implementation of the SNPA in the African region, and to devise strategies and policies concomittant with the objectives and priorities of the programme in order to ensure its fullest implementation at the country and regional levels. At the secretariat level of the Commission, the necessary structural changes were consequently effected by the creation of an LDCs Section within the Socio-economic Research and Planning Division whose functions are back-stopped by an ECA Inter-divisional Committee on LDCs responsible for the co-ordination of all regular core and sectoral programmes of assistance to the African Least Developed Countries.

2. After the Paris Conference on LDCs in September 1981, the Secretariat prepared a special programme of work for the biennia 1982-1983,* 1984-1985* and 1986-1987, as an ECA input into the implementation process and it took cognizance of the peculiar socio-economic characteristics and special needs of the African least developed countries. The main features of the core programme include: (i) technical assistance and advisory services in planning, programming and project design and preparation; (ii) annual review of the economic and social conditions which deals with country-specific economic reports and regional appraisal of the macro- and sectoral growth trends and economic performance, with emphasis on major problems encountered and policies pursued in the countries; (iii) monitoring and follow-up of the implementation of the SNPA which entails an analysis of the progress achieved, problems encountered and prospects, especially in international resource flow and other support measures to the African LDCs in the context of Chapters I and II of the programme, (iv) in-depth project studies, which assumes either a country-case approach or regional coverage, on priority subjects identified by the African LDCs ministerial conference or subjects built into the programme of work of the secretariat; and (v) the organization and servicing of the annual meetings of the intergovernmental committe of experts and conference of ministers of African LDCs. These meetings provide a fora for a concerted approach to be adopted on issues of either global or critical nature to the African LDCs

3. The various Substantive Divisions of the Secretariat, under the umbrella of the ECA Inter-divisional Committee, also provide technical assistance and advisory services in sectors within their competence (i.e. Food and Agriculture, Industry, Transport and Communications, Trade and Finance, Natural Resources including Energy and Science and Technology, Social and Environmental Development, Public Administration, Management and Manpower Development and the Promotion of the Role of Women in Development; etc.).

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*The 1982-1983 and 1984-1985 Biennia programmes of work were approved by the second and third meetings of the Conference of Ministers of African LDCs in Tripoli (Libya), April, 1982 and Addis Ababa (Ethiopia), April, 1983, respectively.

4. The objectives of this paper is to highlight the activities undertaken during 1984, (and in some cases,in 1982 and 1983) and those planned for 1985 under the core programme. A brief summary of other sectoral Technical Assistance and Advisory Services provided by the ECA substantive Divisions will be given, to be followed by a synopsis of the 1986-1987 core programme of work, for the endorsement of the Conference.

II. OPERATIONAL WORK PROGRAMME IN 1984

II.1 Review of Economic and Social Conditions in African LDCs, 1981-1984

5. Within the framework of the core programme (subprogramme 3: LDCs) for the 1984-1985 biennium, the Secretariat had prepared the "Review of Economic and Social Conditions in African Least Developed Countries, 1981-1984" which is presented in Document E/ECA/LDCs.5/2. The paper, covering a four-year span since the adoption of the SNPA, reviews the macro-economic and sectoral growth trends and overall socio-economic and development performance of the African LDCs, individually, and as a group. In the country-specific economic briefs that preced the regional review, particular emphasis has been placed on the major socio-economic problems encountered and the policies enunciated by the countries with a view to restoring the necessary balances in their respective economies.

II.2 Regional Evaluation and Assessment of the Implementation of the Substantial New Programme of Action in African Least Developed Countries, 1981-1984

6. The General Assembly in Resolution 38/195 of 20 December, 1983 and the ECA Conference of Ministers in Resolution 503(XIX) urged all least developed countries and concerned organizations to make adequate preparations for the global mid-term Review of the Substantial New Programme of Action in order to make practical proposals for the adjustment of the programme so as to ensure its fullest implementation during the second half of the 1980s. As part of the preparation process which borders on the decisions and recommendations of the Third Inter-Agency Consultations on the SNPA of organizations of the UN System (Geneva, April, 1984) and within the framework of subprogramme element 3.3 of the 1984-1985 biennium work programme, the ECA Secretariat prepared a study entitled "Regional Evaluation and Assessment of the Substantial New Programme of Action in African least developed countries, 1981-1984", which is presented in document E/ECA/LDCs.5/3 to the Fifth Ministerial Meeting of the African LDCs and the Twentieth Session of the Commission/ eleventh meeting of the Conference of Ministers.

7. The paper undertakes to evaluate and assess the various aspects of the Substantial New Programme of Action (SNPA) and to see to what extent the programme has been implemented in the African LDCs since its adoption in the 1981, especially with

regards to the attainment of the targets set by the SNPA on the macro-economic and sectoral growth rates at the country level, and the achievements of the international community with respect to external resources flow to the African LDCs, particularly the attainment of 0.15 per cent of donor GNP as official development assistance (ODA) by 1985. Against the background of an overview of the general development and recent economic performance in the African LDCs, the paper discusses the most important national measures taken in the course of implementing the SNPA including aid co-ordination mechanisms and offers some proposals on the need for the adjustments of the programme in order to ensure its fullest implementation in the remaining years of the 1980s.

II.3 The Extent of Industrial Capacity Under-utilization and its Impact on Industrial Development in African LDCs

8. Under subprogramme element 3.4, the Secretariat prepared a study on "The extent of Industrial Capacity Under-utilization and its impact on industrial development in African least developed countries" which is submitted to the conference in document E/ECA/LDCs.5/4. The objective of the study is to propose ways and means for improving and increasing industrial capacity utilization in African LDCs. The document analyses some country evidences of industrial capacity under-utilization in African LDCs; the causes and nature of the problems associated with the wastage of capital and the inefficiency which results in high cost of industrial production and the impact of capacity underutilization on industrial development in these countries. The study proposes some strategies which could be adopted by the LDCs to cope with the problem of excess capacity including Government policy measures and actions, measures at the enterprise level, regional and subregional considerations and strongly recommends the need to implement the programme for the industrial development Decade for Africa (IDDA).

II.4 Technical Assistance and Advisory Services (Development issues and policies)

9. Upon the request of the concerned governments, the Secretariat fielded experts under the Technical Assistance and Advisory Services component of the core programme, to (i) Benin: for the preparation of a national economic recovery plan, 1985-1987, (ii) Mali: for the preparation of the documentation for the country's Second Round-table Conference with Donors and (iii) Rwanda: for the computerization of a short-term forecasting (SAM) model which was started in 1983 by a joint ECA/ADB Expert group.

10. The present "development crisis" in African least developed countries which is characterized by inappropriate policies and the establishment of institutions capable of enabling agriculture to flourish as a foundation for broad national development has been compounded by natural disasters, most especially the drought, which has had a devastating impact on food production. In the light of the dismal

performance of the agricultural sector in all the countries during 1981-1984, the ECA Secretariat, under its core programme, will carry out an indepth study on the food strategies and supply situation in the African LDCs in 1985, to see to what extent the African Regional Food Plan is being implemented and to submit appropriate recommendations on ways and means of improving techniques in food production and enhancing food supply situation in the countries.

III. THE ECA SUBSTANTIVE DIVISIONS' INPUT IN THE AREA OF TECHNICAL ASSISTANCE AND ADVISORY SERVICES

11. As a back stop to the activities of the LDCs Section which executes the core programme, the Substantive Divisions under the ECA Inter-divisional Committee on LDCs, carried out the following activities in favour of the African LDCs:

III.1 Food and Agriculture

12. An ECA Multidisciplinary mission was sent to Chad, in April 1984, to review the situation of the Chadian economy in the light of assistance provided since the International Conference on Chad held in Geneva, in November 1983, to consider the implementation of th recovery programme and to make recommendations for long-term measures. The multidisciplinary team covered the agriculture and food sector during the mission. For Ethiopia (Bale Province) the Secretariat evaluated the Government's ongoing resettlement programmes as part of, and in collaboration with, the FAO project No. UTF/ETH/038 on the Ethiopian Highlands Reclamations Study. In Sao Tome and Principe Information was compiled on the forest resources situation and the existing forest industries, in order to analyse and recommend optimum utilisation of forest resources and to propose projects on forest industries.

13. In Uganda: a comprehensive policy-oriented technical document was prepared which highlighted the state of agrarian reform and rural development in Uganda and the future actions and assistance required to support the country's efforts in rural development. In Rwanda and Burundi, the Secretariat gathered information and data on existing national food security programmes and prepared a report and proposals on an action programme for the establishment of a subregional food security scheme for the CEPGL member countries. In Togo a mission was mounted by the Secretariat to identify and evaluate indigenous and other technologies used by, or available for, women in the handling, processing, preservation and marketing of agricultural products in post harvest activities; to evaluate the existing government policies and efforts towards reduction of post-harvest food losses and to evaluate the project on food losses being undertaken by FAO and other organisations with regard to their impact on women.

III.2 Industry

14. The secretariat has prepared a Directory of Project Profiles on Small Scale Industries which will aid the African LDCs in the launching of production activities. The Directory provides detailed information on the products and types of industries to be created during the Industrial Development Decade and in particular, the information covers the availability of raw materials; necessary services, fixed and recurring capitals; personnel needs; services of acquisition of machinery and materials, etc.

15. With regard to training, representatives of Benin, Burundi, Comoros, Guinea, Sierra Leone, Tanzania and Burkina Fasso attended the meeting on "Promotion of centres for engineering design and manufacturing in the African Region". The objective of the meeting was to assist member States, especially LDCs, to establish or strengthen their own national centres. Participants from Benin, Guinea, Sierra Leone and Togo also took part in the training course on engineering design and manufacturing organized by the ECA in co-operation with the African Regional Centre for Engineering Design and Manufacturing (ARCEDEM), in Ibadan, Nigeria, from July to October, 1983.

16. Advisory services was provided to Burundi, on its request, in the area of design and establishment of institutions related to industrial development and on mechanisms for promtion of investment and implementation of industrial development projects. Project profiles were prepared on agro-based industries for a donor conference for the economic development of Djibouti. With the co-operation of the PTA secretariat, arrangements had been made for the rehabilitation and technical training in iron and steel development in Ethiopia. Also, assistance is been provided for the rehabilitation and technical training in the iron and steel industry of Uganda with the co-operation of ZISCOSTEEL of Zimbabwe and the preparation of project profiles of Uganda's phosphate fertilizer in the framework of PTA activities. Upon the request of the Uganda Government, the Secretariat is also assisting in the expansion of the Serere Institute which is expected to be converted into a subregional institute and a study is been conducted on the improvement of food technology by the Serere institute.

17. Technical assistance was provided to Somalia on planning the development of small-scale industries. In Chad, the Secretariat had prepared the Terms of Reference on the identification of small-scale industries and project profiles on such enterprise. On request of the Government of Togo, a study on the establishment of a national centre for engineering design and manufacturing has been completed.

18. Activities that are planned include the identification of multinational core indusrrial projects for subregional industrial co-operation:

	Project	LDC-Promoter	Expected s/r[+] industrial co-operation
1.	Manufacture of diesel engine mounted chassis for lorries, trucks and buses	Ethiopia	PTA
2.	Potash exploitation	Ethiopia	PTA
3.	Ammonia complex	Tanzania	PTA
4.	Re-rolling mills for sections and bars for high tension electricity transmission	Rwanda	CEPGL
5.	Manufacture of agricultural tools and implements	Rwanda/Burundi	CEPGL
6.	Pesticide	Rwanda	CEPGL
7.	Iron and steel foundry	Niger	CEPGL
8.	Manufacture of diesel engines for tractors, trucks, lorries and buses	Guinea Niger Sierra Leone Burkina Fasso	ECOWAS
9.	Phosphates	Togo	ECOWAS
10.	Pesticide	Burkina Fasso	ECOWAS

19. On request of the LDCs, the Secretariat will prepare project profiles on small-scale industries for products identified on the basis of specific information provided by the countries. The preparation of project profiles on industrial units for the Pepublic of Chad, as requested by the Government, will be carried out. The project profiles will include small-scale industrial units and the inputs required for the processing units such as raw materials required services fixed and recurring capital; personnel needs skills required services for acquisition of machinery and materials, etc.

+ s/r implies sub-regional.

III.3 Natural Resources

20. A joing mission was mounted to Sierra Leone in November/December 1983 by ECA/MPU and a consultant provided by DTCD at the request of the Sierra Leone Government with a view to assisting the Ministry of Mines in preparing a revised mining policy and legislation. A draft Mineral Resources Development Policy was drawn up and submitted to the Sierra Lone authorities in February, 1984.

21. Assistance to Central African Republic, Chad, Comoros, Djibouti, Equatorial Guinea, Rwanda, Burundi, Sao Tome and Principe, Tanzania and Uganda has been made available for a number of years to develop national capabilities in respect of mineral resources development through the Mineral Resources Development Centres established in the Eastern and Southern African and the Central African subregions whose function it is to serve the interests of member States adhering and supporting these multinational institutions. A continuous promotional drive has been sustained in order to encourage LDCs of these two subregions to participate to these centres and take advantage of the benefits they could derive from their programmes of activities in the implementation of national projects in the mineral sector.

22. Comprehensive training programmes in the field of geophysics, geochemistry, cogeodata, small-scale mining, mineral economies and micro-computer applications in earth sciences were organized and attended by some 250 geoscientists over the last 3 years including a large number of participants from LDCs of the Eastern and Southern African subregion.

23. In the case of Botswana, Ethiopia and Sierra Leone, missions have been concerned with informal sector activities. Efforts were made to determine how the adaptive technology potential in the metal working branch could be mobilized after an adequate study of the problem. In Comoros and Togo, advisory services have been given to the governments to enable them to set up National Commissions for Science and Technology, and a National Centre for Technology specifically for Togo. As for Rwanda, Central African Republic and Mali, a mission was undertaken in order to examine how the recommendations on rural technologies made by the Intergovernmental Committee of Experts on Science and Technology Development (Nov. 1983) have been applied in these countries. The mission also examined the national legal provisions on Transfer of Technology. The ECA is expected to provide technical assistance to the Central African Republic which will be organizing a meeting on transnational enterprises at its University early in 1985.

24. The Secretariat, with the assistance of the Chinese Government, organized a seminary and study tour for African States in the field of biogas generation, mini-hydro power generation, and solar energy. Rwanda, Burundi and Sudan were among the participating countries. A workshop is to be organized in co-operation with the German Foundation for International Development, and the African Regional Centre for

Technology in November/December 1985 to train African building policy-makers to conduct policy research and formulate policies therefrom. Ethiopia Sudan, Uganda and Tanzania will participate in the workshop which will examine how the metal working branch of the Informal Sector can contribute to the production of agricultural tools, implements and energy-saving devices for food and agriculture.

III.4 Transport and Communications

15. In the area of transport and communications, missions were mounted to the least developed countries in connection with a study on harmonization and co-ordination of the various transport modes especially those modes playing a significant role in the inter-country transport. The objectives of the mission were to establish a rational integrated transport system in Africa to respond to the existing and potential transport demand; to promote development of intra-African trade; and to contribute to the economic and social integration of the African region. The study is staged by sub-region and has covered road systems of least developed countries in Eastern and Southern Africa. The study is currently in progress in ECOWAS member States where all least developed countries will be visited.

16. With regards to the United Nations Transport and Communications Decade in Africa (UNTACDA), the Secretariat is conducting a series of missions covering the entire African region to collect information on, among others, the physical implementation and financing of projects contained in the first phase programme of UNTACDA; the state of implementation of projects of the second phase both in physical and financial terms; and to find out what action, if any, has been taken to follow-up expressions of interest by donors on the financing of projects made at the last five technical consultative meetings.

17. The following training courses/seminars were arranged by the Secretariat with the participation of LDCs: (i) Port operations seminar (July/August 1984, Odessa, USSR): Burundi, Benin, Sudan, Gambia, Guinea, Guinea Bissau, Equatorial Guinea, Ethiopia, Sao Tome and Principe, Somalia and Tanzania; (ii) Railway operations seminar (Addis Ababa, November 1984): Benin, Niger, Djibouti, Ethiopia, Mali and Tanzania; (iii) regional seminar in transport statistics (Addis Ababa, June 1984): Benin, Botswana, Burkina Faso, Burundi, Gambia, Guinea, Malawi and Niger; (iv) Port operations seminar, (Leningrad, USSR, July/August 1984): Benin, Botswana, Cape Verde, Djibouti, Ethiopia, Equatorial Guinea, Gambia, Chad, Guinea, Guinea Bissau, Malawi, Sao Tome and Principe, Rwanda, Sierra Leone, Somalia, Sudan, Tanzania, Togo and Uganda; (v) regional telecommunications seminar in planning of rural road network (Addis Ababa, September 1984): Ethiopia, Gambia, Lesotho, Malawi, Sierra Leone, Tanzania and Uganda; (vi) Third African highway maintenance seminar (Addis Ababa, September 1984): Botswana, Burkina Faso, Burundi, Central African Republic, Djibouti, Equatorial Guinea, Gambia, Guinea, Lesotho, Malawi, Rwanda, Sierra Leone, Sudan, Togo and Uganda.

III.5 Public Administration, Management and Manpower Development

28. In the field of Public Administration and Management, 1984 activities were primarily aimed at providing assistance for the enhancement of administrative and managerial capabilities for promoting national development. Advisory services were undertaken, among other countries to Malawi, Gambia, Tanzania and Uganda. The services covered the public sector as a whole with specific areas covering training of local government personnel, survey of public administration problems, review of curriculum and training needs of management training institutions, managerial problems of public enterprises and management training for executives of public enterprises. Institution-building activities continued in 1984 mainly through execution of the second phase of the UNDP-funded project "Improvement of Management Skills Delivery Capability at the Eastern and Southern African Management Institute" (ESAMI) an intergovernmental institution owned by 18 countries of the Eastern and Southern African subregion.

29. Under the sub-programme on development of budgetary and taxation systems the Secretariat organized (in March 1984) in Botswana a technical workshop for African tax administrators on the theme, "issues of tax fraud and evasion, the promotion of tax awareness and techniques of tax legislations". The workshop was attended by the following LDCs: Botswana, Comoros, Ethiopia, the Gambia, Lesotho, Malawi and Somalia. The Secretariat also assisted the Botswana Institute of Administration and Commerce to organise an induction course for Botswana Civil Service officers. In October 1984, another training workshop was organized on the "Management of Public Finances for Development in Socialist Ethiopia" for Ethiopian government officials.

30. The second meeting of the General Assembly of the Association of African Tax Administrators was held in Gaborone, Botswana in March 1984 and was attended by the following LDCs: Botswana, Comoros, Ethiopia, the Gambia, Lesotho, Malawi and Somalia. A seminar on the Harmonized System of facilitation of customs procedures and customs enforcement was organized in collaboration with the Customs Co-operation Council, Belgium (Brussels). The seminar was held in Botswana and attended by participants from Botswana, Ethiopia, Lesotho and Malawi.

31. Under the sub-programme on education and training for development, the 1984 activities focussed on orientation of educational policies, programmes and practices, career guidance and counselling, the management of training and institutional capability development and administration of grants and fellowships. A study on non-formal education for integrated rural development in Lesotho reviewed the status of non formal education and its variants with a view to determining their effectiveness for promoting integrated rural development. Country studies on the impact of, and effectiveness of existing guidance and counselling programmes in Tanzania and Togo placed emphasis on policies, administrative arrangements co-ordination of activities among ministries concerned with guidance and counselling services.

32. A national workshop focussing on approaches to educational planning, data collection and analysis, costing of education, administration and school location, were conducted in Tanzania. Consultative missions with the governments of the Republic of Sierra Leone and the Gambia on human resources management machinery were

undertaken and followed up by a workshop conducted in the Gambia in December 1984. The workshop reviewed the status of human resources development in these countries and developed guidelines on manpower policies, organizational structures staffing and data for manpower planning, training and employment planning.

III. 6 International Trade and Finance

33. Within the framework of the West African MULPOC, a study on transit trade and transit facilities was requested mainly by the landlocked and least developed member countries, namely Niger, Mali and Burkina Faso. To undertake the study, the Secretariat mounted a mission to visit the interested countries Niger and Mali and the outlet countries such as Benin, Togo, Ivory Coast and Senegal with a view to identifying the major obstacles to the development of trade between coastal and landlocked countries. A preliminary report has been submitted to the MULPOC and the full report is expected to be completed in 1985.

34. Trade Promotion and Marketing Supply Assessments, Trade Promotion Advisory Services prior to the study tours and field marketing missions were conducted (with direct participation of LDC's business executives) to promote African products in other developing regions and to identify supply sources for African imports.

35. The following training events were serviced (i) Joint ECA/ITC/PRODEC Trade Promotion and Export Marketing Course 1982 17 trainees from Botswana, Equatorial Guinea, Ethiopia, Lesotho, Malawi, Sierra Leone, Sudan, Tanzania, Uganda. (ii) Joint ECA/ITC/PRODEC Trade Promotion and Export Marketing Techniques 1983 10 trainees from Botswana, Burundi, Ethiopia, Lesotho, Malawi, Sudan, Tanzania, Uganda. (iii) Joint ECA ITC PRODEC/ETHMEX Seminar on Import Management 1982 11 trainees from Botswana, Ethiopia, Malawi, Sudan, Tanzania, Uganda. (iv) Joint Ethio-Kenya Course on Trade Promotion and Export Marketing Techniques 1983 - 0 Ethiopian trainees were involved (v) Ethiopian National Seminar for Trade Attachés, 1984 15 trainees were involved, (vi) Ethiopian National Seminar on Structures and Function of the Preferential Trade Area of Eastern and Southern African countries (PTA) 1984 about 100 participants.

III. 7 Population

36. Advisory services were rendered to Malawi, Botswana, Niger and Sao Tome and Principe in the evaluation/analysis of their latest census data. In this regard also, Burundi and the United Republic of Tanzania were advised in the formulation and implementation of relevant population policies and in the integration of population variables in development planning. Assistance was also provided to Sudan in the analysis of its latest census data. Two seminars were organized on the integration of population in development planning in Burundi and Chad. During 1985, advisory services will be provided to Djibouti and Sudan in the evaluation and analysis of their census/survey data and their vital registration systems. A national seminar in Djibouti will also be serviced. A regional training workshop on population projections will be conducted for participants from Ethiopia, Malawi, Rwanda, Burkina Faso, Botswana, Central African Republic, Gambia, Lesotho, Mali, Sierra Leone, Togo and Tanzania.

III. 8 ECA/ATRCW on the role of women in development

37. According to para. 13 of the SNPA appropriate measures have to be taken to pursue the objectives of strengthening women's equal participation both as agents and as beneficiaries in all sectors and at all levels of development planning monitoring and implementation. In that context, the ECA/ATRCW had undertaken a series of activities in the African LDCs during 1983-1984. Needs assessment mission have been mounted to Chad, Djibouti Ethiopia Guinea, Somalia, Sudan, Tanzania and Uganda. Seminars on income generating activities for women were conducted in Benin and Burkina Fasso. Assistance in project formulation and preparation primarily of development programmes with women's participation, were provided to Burundi, Cape Verde, Djibouti Guinea Bissau, Rwanda and Togo. Study on the status of women in development in Central African Republic, Comoros, Djibouti and Rwanda.

38. Other technical assistance and advisory services were provided to Botswana - information seminar on national machineries Burkina Fasso - study on the status and participation of women in development and a survey on the role of women and their contribution to production processing and marketing of food items Burundi - seminar on family planning and a study on training and employment opportunities for out-of-school girls in CEPGL countries (Burundi, Rwanda, Zaire) Cape Verde - two training seminars for staff of women's organization and 10 months training fellowship to five members of the Executive Bureau Chad - study on evaluation of training programmes in co-operative management Comoros - advisory services on how women can cater rural development programmes to their own real needs Ethiopia - development of pottery (aimed at improving technology) and indigenous construction materials and skills development of the Tethleham training centre, and training in optimal nutritional use of food obtained from food for work activities.

39. In 1985, the ECA/ATRCW will carry out a fact finding mission to Sao Tome and principe. In future, the centre's activities will give priority to drought affected countries and will focus on key areas identified in the Arusha strategies i e. food and agriculture, industry environment, science and technology, water and energy, human resources development including employment, health and education.

III. 9 Environmental situation

40. The component of the Secretariat's programme in this area that are of relevance to the LDCs include the preparation of guidelines on national capabilities for pollution control from basic industries. The objective of the programme is to identify environmental infrastructure and capabilities for the control and management of industrial wastes the volume of industrial processing activities and to make appropriate recommendations to the ECA regional policy-making organs (CM/1106). Advisory services missions were mounted to Sudan, Central African Republic and Equatorial Guinea to assess major environmental problems with the view to making appropriate recommendations for the establishment of national institutional machineries and other needs, especially manpower requirements for the execution of environmental projects. This project is an on-going activity in 1985 and during the 1986-1987 biennium and, upon the request of every LDC government the Secretariat will provide advisory services, within the limits of the available funds.

IV. FOLLOW-UP ACTIONS ON RESOLUTIONS 503 (XIX) AND 529 (XIX)

IV.1 Resolution 503 (XIX) measures for the effective implementation of the Substantial New Programme of Action in the African LDCs

41. In accordance with operative paragraph 1 of Resolution 503 (XIX), the following countries had organized Roundtable Conferences: (1) Comoros 2-4 July, 1984; (2) Gambia, 27-30 November 1984; (3) Guinea-Bissau, 21-23 May 1984; and Lesotho, 14-17 May 1984. Other countries whose Roundtable meetings are tentatively scheduled before the Global Mid-term Review in September/October 1985, are: Burkina Fasso (April 1985) Central African Republic (mid-1985) Guinea (first half of 1985) Niger (mid-1985) Sierra Leone (first half of 1985-mini Roundtable) and Togo (May 1985). All the African LDCs have designated National Focal Points for the monitoring and follow-up of the implementation of the SNPA at the country level. Those LDCs that have organized review meetings, have established local aid coordination groups for the follow-up of commitments made by the donor community at their respective Roundtables.

IV.2 Resolution 529 (XIX) Substantial assessment of Roundtable and Consultative Group Meetings

42. As part of the preparatory process for the Global Mid-term Review Meeting in 1985, the UNDP convened a meeting of African LDCs Ministers responsible for cooperation, planning and development to evaluate the Roundtable Experience in the African region and to make recommendations aimed at improving the RT process. The meeting was held in Cotonou, Benin (with the government of Benin as host) and was attended by 15 African countries, (14 of which were LDCs) UNCDF, FAO, the West African Development Bank and the Guaranty Fund of OCAM. The Ministers adopted the following recommendations relating to: (i) the definition and setting up of an institutional framework as a prerequisite for the launching of a Roundtable (ii) establishment of a permanent mechanism that takes as a whole all sequences of the Roundtable, (iii) the strengthening of the means of support to the host government of RTs (iv) the constant establishment of an interrelation between Roundtable conferences and objectives of the national plan (v) the modification and strengthening of the process to better fulfill donors and developing countries objectives (vi) the improvement of the effectiveness of UNDP role as lead agency and as provider of critical technical cooperation.

43. In the same context the ECA had prepared Guidelines for the Evaluation and Assessment of Review Meetings held in African LDCs in the context of the SNPA in the 1980s. The Guidelines will enable the respective National Focal Points to prepare country specific assessment of their Roundtable Conference Consultative Group Meetings. The Secretariat had also prepared a regional evaluation and assessment of the implementation of the SNPA in the African region (refer II.2 above).

V. CONFERENCES/MEETINGS AND SEMINARS

V.1 Fourth meeting of the conference of Ministers of African LDCs

43. In the context of sub-programme 3.5 of the ECA core programme, the Secretariat organized and serviced the third meeting of the intergovernmental committee of experts which prepared the Fourth Meeting of the Conference of Ministers of African Least Developed Countries (Addis Ababa, May 1984). The Conference reviewed the economic and social conditions, major problems encountered and policies pursued by the African LDCs during 1981-1983 along with an evaluation of the progress achieved in the implementation of the Substantial New Programme of Action (SNPA) during the same period. This was followed by the consideration of a study on pricing policies in African least developed countries which dealt with measures to improve incentive schemes for upgrading productivity and increase output in the agricultural sector ensure better investment resource allocation improve external and domestic terms of trade and improvement in price formation techniques and the strengthening of institutional capabilities for efficient price control and monitoring.

45. On the basis of the above, the Conference adopted three resolutions: Resolutions 502 (XIX) on pricing policies in African least developed countries; 503 (XIX): on measures for the effective implementation of the Substantial New Programme of Action in African LDCs; and 529 (XIX) on the substantial assessment of the Roundtable and Consultative Group Meetings in the African region (refer to preceeding section on follow-up actions on these resolutions).

V.2 Review meetings

46. Upon the invitations of the concerned governments, the Secretariat participated in four Roundtable Conferences which were organized by Comoros (2-4 July 1984), Gambia (27-30 November 1984), Guinea-Bissau (21-27 May 1984) and Lesotho (14-17 May 1984).

V.3 Seminar on the development of foreign trade in African least developed countries

47. UNCTAD, in co-operation with ECA and the Nairobi Trade Centre, organized a "seminar on the Development of Foreign Trade in the African Least Developed Countries: constraints and opportunities3 in Nairobi, 21 January - 5 February 1985. The seminar was attended by participants from 10 English speaking African LDCs: Botswana, Ethiopia, Gambia, Lesotho, Malawi, Sierra Leone, Somalia, Sudan, Tanzania and Uganda. The ECA Secretariat attended the seminar and presented two papers on "The Development Crisis in the African LDCs", and "Trade among Sub-Saharan African Countries: current flows and future prospects".

VI. 1985 ACTIVITIES AND THE 1986-1987 BIENNIUM WORK PROGRAMME (SUB-PROGRAMME 3 - LDCs)

48. Under the core programme, the Secretariat will prepare the "Review of Economic and Social Conditions in African LDCs 1984-1985" (sub-programme element 3.7) and the "Progress Report on the Implementation of the Substantial New Programme of

Action in the African region, 1984-1985" (Sub-programme 3.3). A study on "Food Strategies in the African LDCs" will be carried out which will examine to what extent the African Regional Food Plan is been implemented in these countries and an analysis of the food supply situation against a background of the devastating drought and other natural disasters which has spread across the African region (Sub-programme 3.4). The outputs of all these sub-programme elements will be presented to the Fifth Meeting of the Intergovernmental Committee of Experts and the Sixth Meeting of the Conference of Ministers of African LDCs during the second quarter of 1986.

49. With respect to sub programme 3.1: Technical assistance and advisory services upon the request of UNDP, the Secretariat provided assistance (in March 1985) to the government of Sao Tome and Principe in the area of National Accounts, as part of the preparation of the documentations for the country's Roundtable Conference which is scheduled for sometime in 1985.

VI.2 1986-1987 work programme

50. In 1986, sub-programme elements 3.2 and 3.3 will be executed covering the time span, 1984-1985. As for sub-programme element 3.4 on in-depth studies, the Secretariat plans to carry out a study on "The Implications of Structural Adjustment and Stabilization Programmes on Medium and Long-term Growth and Development in the African Least Developed Countries" which will be presented to the Seventh Meeting of the Conference of Ministers of African LDCs during the Second Quarter of 1987 along with the outputs of sub-programme elements 3.2 and 3.3.

51. If funds are available during the biennium, the ECA Secretariat, in co-operation with UNCTAD, will undertake country case studies on pricing policies in individual African LDCs. A project document has already been submitted to UNDP in accordance with UN Resolution 50/(XIX) adopted by the Fourth Ministerial Meeting of the African LDCs. Funding is also been sought for another project study on "Domestic Resource Mobilization for development financing in African LDCs", which if acquired is expected to enable the Secretariat to conduct studies in individual African LDCs on the subject during the 1986-1987 biennium.